
ftc consumer feature

Bureau of Consumer Protection

October 2000

Federal Trade Commission

Contact: John Mendenhall, (216) 263-3418
Donna Miles, (202) 326-3679

Putting the Brakes On Office Supply Fakes

The shipment appeared to be a simple mistake.

An administrative assistant for an electrical contracting business in Scottsville, Ariz., had told a telemarketer she didn't need any office supplies. Her company already had a regular supplier for those items, she explained, so she wouldn't be placing an order with the caller.

Yet a few days later, a box of toner cartridges from the telemarketer's company arrived at her office, addressed to her attention. The package included a bill charging much more than the "going rate" for toner.

The administrative assistant immediately called the office supply company to report the mistake. To her amazement, the voice on the other end of the phone insisted that she had, in fact, ordered the toner. And, she was told, the office supply company had the whole conversation on tape to prove it.

"I couldn't believe it," the woman said. "I knew that I had never ordered that toner, and yet there they were, telling me that I had and insisting that I pay the bill."

She returned the package at her company's expense and vowed never again to speak to a telemarketer or to give a caller her name. "It's a shame because I like to maintain a personal relationship with our suppliers," she said. "But this experience has changed that. Now I'm afraid to give my name to anyone who calls."

She had become another victim of an office supply scam. These scams, run by bogus office supply companies, bilk businesses, churches and fraternal and charitable organizations out of millions of dollars every year.

The Federal Trade Commission recently filed suits against three office supply companies, including the one that targeted the Scottsville electrical contractor, for using fraudulent or misleading marketing practices. "These companies used deception and fraud to get their foot in the door of unsuspecting businesses and organizations," says John Mendenhall, director of the FTC's East Central Region in Cleveland. "And once they did that, they continued to bombard the companies with unordered merchandise."

Mendenhall says fraudulent office supply companies often threaten businesses and the other organizations they solicit with adverse credit reports if they refuse to pay exorbitant prices for products they never ordered.

The typical office supply scam involves goods that the company routinely orders: computer and copier machine supplies, light bulbs and cleaning materials, or services like classified advertising or Internet services. Fraudulent telemarketers often lie to get the company to pay for items it never ordered, or to pay more than it agreed to – often five to 10 times what the product or service is worth. Some callers pretend to be the company's regular supplier or offer a "special deal" that they claim is "good for a limited time only."

For example, a Phoenix wholesaler recently got a call from someone posing as its regular office supplier. The bad news, the wholesaler company was told, was that the price of toner was about to go up. But the good news was that the wholesaler could still buy the toner at a lower price if it acted quickly. The wholesaler immediately recognized that the caller wasn't her regular supplier, and the so-called "bargain" price was 15 times what she usually paid for toner. She hung up the phone, wondering how the caller had become so knowledgeable about her company, down to the model numbers of its equipment. She later

learned that an unsuspecting coworker had shared that information just a week earlier with a caller who had represented himself as an equipment repairman. "I've put the word out around here," the woman said. "Don't give out office information to callers, no matter *who* they say they are."

A Winston-Salem, N.C., church wasn't lucky enough to spot an office supply scam. A church worker responded to a caller offering office supplies at below-retail prices -- a forced liquidation on behalf of a local man who had to close his business due to illness. Thinking she was helping a neighbor in need, the church worker placed an order, only to find out that both the seller and the products were different than she'd been led to believe. The company was based in Florida, not North Carolina, and was not going out of business. The products it offered were low-quality "off brands," and the accompanying bill was more than \$900 over the price she had been quoted.

Small businesses and organizations with informal purchasing procedures are frequently targeted by office supply scams, but Mendenhall says large companies aren't immune. "These scams work against companies where anyone who answers the phone can place an order," he said. "But they also prey on corporations that are highly compartmentalized, where the purchasing department is independent of the receiving dock and the accounting office that pays the bills."

The Federal Trade Commission cautions businesses to follow these tips to protect themselves from office supply scams:

- ◆ Know your rights. If you receive bills for goods or services you didn't order, don't pay. The law allows you to treat them as a gift.
- ◆ Review your bills as soon as they arrive. Be on the lookout for charges for goods and services you haven't ordered or authorized. If you find an error on your bill, follow the instructions on your statement for filing a dispute.
- ◆ Assign purchasing to designated staff. Require documentation for all purchases.
- ◆ Train your staff in how to respond to all solicitations. Advise employees who are not authorized to order goods and services to clearly say so, and to direct the caller to the designated purchasing staff.
- ◆ Buy from people you know and trust. Be skeptical of "cold" or unsolicited calls and comfortable saying "no" to high-pressure sales tactics.
- ◆ Inspect the contents of all shipments when they arrive to ensure you receive the quantity and quality of items ordered. Compare what you receive to what you're billed for.
- ◆ Check out the selling organization with the Attorney General or Better Business Bureau in your state or where the organization is located before sending money for any product or service. Be aware that this is not foolproof. There may be no record of complaints if an organization is too new or has changed its name.
- ◆ If you're a victim of an office supply scam, report it to the Federal Trade Commission, the State Attorney General's office or the Better Business Bureau.

The FTC works for the consumer to prevent fraudulent, deceptive and unfair business practices in the marketplace and to provide information to help consumers spot, stop and avoid them. To file a complaint, or to get free information on any of 150 consumer topics, call toll-free, **1-877-FTC-HELP** (1-877-382-4357), or use the complaint form at www.ftc.gov. The FTC enters Internet, telemarketing, and other fraud-related complaints into **Consumer Sentinel**, a secure, online database available to hundreds of civil and criminal law enforcement agencies worldwide.

#

This Consumer Feature is available electronically at www.ftc.gov/bcp/online/features/offsupp.htm.